



OLD DOMINION UNIVERSITY

INTERCOLLEGIATE ATHLETICS PROGRAMS FOR THE YEAR ENDED JUNE 30, 2014

Auditor of Public Accounts
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P.O. Box 1295
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January 6, 2014

The Honorable Terence R. McAuliffe
Governor of Virginia

The Honorable John C. Watkins
Chairman, Joint Legislative Audit
And Review Commission

John R. Broderick
President, Old Dominion University

INDEPENDENT AUDITOR'S REPORT ON THE APPLICATION OF AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by the President of **Old Dominion University**, solely to assist the University in evaluating whether the accompanying Schedule of Revenues and Expenses of Intercollegiate Athletics Programs of the University is in compliance with National Collegiate Athletic Association (NCAA) Constitution 3.2.4.16, for the year ended June 30, 2014. University management is responsible for the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs and the Schedule's compliance with NCAA requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the University. Consequently, we make no representation regarding sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Agreed-Upon Procedures Related to the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs

The procedures that we performed and our findings are as follows:

Internal Controls

1. We reviewed documentation of accounting systems and operating procedures. We reviewed the relationship of internal control over Intercollegiate Athletics Programs to internal control reviewed in connection with our audit of the University's financial statements. In addition, we identified and reviewed those controls unique to Intercollegiate Athletics Programs, which were not reviewed in connection with our audit of the University's financial statements.

2. Intercollegiate Athletics Department management provided an organizational chart which we reviewed with appropriate personnel. We also made certain inquiries of management regarding control consciousness, the use of internal audit in the department, competence of personnel, and protection of records and equipment.
3. Intercollegiate Athletics Department management provided us with their procedures for gathering information on the nature and extent of affiliated and outside organizational activity for or on behalf of the Intercollegiate Athletics Programs.

Affiliated and Outside Organizations

4. Intercollegiate Athletics Department management identified all intercollegiate athletics-related affiliated and outside organizations and provided us with copies of audited financial statements for each such organization for the reporting period.
5. Intercollegiate Athletics Department management prepared and provided to us a summary of revenues and expenses for or on behalf of the intercollegiate athletics programs by affiliated and outside organizations included in the Schedule.
6. Intercollegiate Athletics Department management provided to us any additional reports regarding internal control matters identified during the audits of affiliated and outside organizations performed by independent public accountants. We were not made aware of any internal control findings.

Schedule of Revenues and Expenses of Intercollegiate Athletics Programs

7. Intercollegiate Athletics Department management provided to us the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs (Schedule) for the year ended June 30, 2014, as prepared by the University and shown in this report. We recalculated the addition of the amounts in the Schedule, traced the amounts on the Schedule to management's worksheets, and agreed the amounts in management's worksheets to the Intercollegiate Athletics Department's accounts in the accounting records. We noted no differences between the amounts in the Intercollegiate Athletics Department's accounts in the accounting records and the amounts on the worksheets. We discussed the nature of work sheet adjustments with management and are satisfied that the adjustments are appropriate.
8. We applied certain analytical review techniques to the revenue and expense amounts reported in the Schedule in order to determine the reasonableness of amounts reported therein. These techniques included trend analyses and review of actual amounts in comparison to budget estimates. We obtained and documented an understanding of significant variations.

Revenues

9. Intercollegiate Athletics Department management provided us with a reconciliation of tickets sold during the reporting period along with complimentary tickets and unsold tickets to the revenue recorded in the Schedule and related attendance figures. We reviewed the ticket and attendance reconciliations for selected games and found such reconciliations to be accurate. We also reviewed reconciliations of ticket sales and revenue to the accounting records for selected periods and found those reconciliations to be accurate.
10. We compared student fees reported in the Schedule to amounts reported in the accounting records and amounts from the University's comprehensive fee allocated to intercollegiate athletics. We found these amounts to be materially in agreement.
11. Intercollegiate Athletics Department management provided us with settlement reports and game guarantee agreements for away games during the reporting period. The related revenue was deemed to be immaterial for detailed testing.
12. Intercollegiate Athletics Department management provided us with a listing of all contributions of moneys, goods or services received directly by the Intercollegiate Athletics Programs from any affiliated or outside organization, agency or group of individuals that constitutes ten percent or more of all contributions received during the reporting period. Except for contributions received from the Old Dominion Athletic Foundation, an affiliated organization, we noted no individual contribution which constituted more than ten percent of total contributions received for Intercollegiate Athletics Programs.
13. From the summary of revenues and expenses for or on behalf of the Intercollegiate Athletics Programs by affiliated and outside organizations, we selected individual contribution amounts and agreed each selection to supporting documentation and proper posting in the accounting records. We found all reviewed transactions to be in agreement.
14. Intercollegiate Athletics Department management provided us with a listing and copies of all agreements related to participation in revenues from tournaments, conference distributions, and NCAA distributions. The related revenue was deemed to be immaterial for detailed testing.
15. From the Schedule, we obtained the amount of revenue related to participation in royalty, advertisement, and sponsorship agreements. This amount was deemed to be immaterial for detailed testing.

16. We obtained an understanding of the University's methodology for recording revenues from sport camps. The related revenue was deemed to be immaterial for detailed testing.
17. From the Schedule, we obtained the amount of revenue related to endowment agreements. The related revenue was deemed to be immaterial for detailed testing.

Expenses

18. Intercollegiate Athletics Department management provided us a listing of institutional student aid recipients during the reporting period. We selected individual student-athletes across all sports and agreed amounts from the listing to their award letter. We also ensured that the total aid amount for each sport materially agreed to amounts reported as Financial Aid in the student accounting system.
19. Intercollegiate Athletics Department management provided us with settlement reports and game guarantee agreements for home games during the reporting period. The related expense was deemed to be immaterial for detailed testing.
20. Intercollegiate Athletics Department management provided us with a listing of coaches, support staff, and administrative personnel employed and paid by the University during the reporting period. We selected and tested individuals and compared amounts paid during the fiscal year from the payroll accounting system to their contract or other employment agreement document. We found that recorded expenses equaled amounts paid as salary and bonuses and were in agreement with approved contracts or other documentation.
21. We discussed the Intercollegiate Athletics Department's recruiting expense and team travel policies with Intercollegiate Athletics Department management and documented an understanding of those policies. We compared these policies to existing University and NCAA policies and noted substantial agreement of those policies.
22. We obtained an understanding of the University's methodology for allocating indirect facilities support and ensured that amounts reported on the Schedule agreed to amounts recorded in the accounting records.
23. Based on disbursements as listed in the accounting records, we selected and tested payments to third parties by the Intercollegiate Athletics Programs. These disbursements were for the various activities listed within the Schedule. We compared and agreed the selected operating expenses to adequate supporting documentation. We found all reviewed amounts to be properly approved, in agreement with supporting documentation, and properly recorded in the accounting records.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression on an opinion on the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs or any of the accounts or items referred to above. Accordingly, we do not express such an opinion. Had we performed additional procedures or had we conducted an audit of any financial statements of the Intercollegiate Athletics Department of Old Dominion University in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported to the University. This report relates only to the accounts and items specified above and does not extend to the financial statements of Old Dominion University or its Intercollegiate Athletics Department taken as a whole.

This report is intended solely for the information and use of the President and the University and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

AUDITOR OF PUBLIC ACCOUNTS

EMS/clj

OLD DOMINION UNIVERSITY
SCHEDULE OF REVENUES AND EXPENSES OF
INTERCOLLEGIATE ATHLETICS PROGRAMS
For the year ended June 30, 2014

		Men's	Women's		Non-Program	
	Football	Basketball	Basketball	Other Sports	Specific	Total
Operating Revenues:						
Ticket Sales	\$ 2,535,254	\$ 816,556	\$ 162,553	\$ 61,898	\$ -	\$ 3,576,261
Student Fees	-	-	-	-	26,733,437	26,733,437
Guarantees	1,679,065	-	15,000	1,000	-	1,695,065
Contributions	1,672,684	661,276	250,574	300,166	1,753,349	4,638,049
NCAA/Conference Distributions Including All Tournament Revenue	700	-	-	44,530	1,981,374	2,026,604
Program Sales, Concession, Novelty Sales, and Parking	94,670	-	-	-	-	94,670
Royalties, Licensing, Advertisements, and Sponsorships	91,949	18,717	6,967	73,306	1,013,929	1,204,868
Sports Camp Revenues	960	1,032	-	6,426	-	8,418
Endowment and Investment Income	-	-	-	-	1,504	1,504
Other	11,186	74,999	74,667	-	921,712	1,082,564
Total Operating Revenue	<u>6,086,468</u>	<u>1,572,580</u>	<u>509,761</u>	<u>487,326</u>	<u>32,405,305</u>	<u>41,061,440</u>
Operating Expenses:						
Athletics Student Aid	2,691,567	435,564	584,120	4,319,642	23,688	8,054,581
Guarantees	1,150,000	379,605	60,635	20,333	-	1,610,573
Coaching Salaries, Benefits, and Bonuses Paid by the University and Related Entities	1,610,387	1,117,772	595,633	2,878,173	-	6,201,965
Support Staff/Administrative Salaries, Benefits, and Bonuses Paid by the University and Related Entities	356,769	165,185	166,767	74,815	5,043,888	5,807,424
Recruiting	272,765	121,395	67,645	196,467	3,842	662,114
Team Travel	901,116	386,904	358,143	1,402,351	-	3,048,514
Equipment, Uniforms and Supplies	421,662	67,138	48,629	437,953	377,091	1,352,473
Game Expenses	473,450	350,135	222,464	225,303	-	1,271,352
Fund Raising, Marketing and Promotion	52,792	39,292	6,967	20,956	510,611	630,618
Direct Facilities, Maintenance and Rental	504,831	449	861	122,664	6,099,583	6,728,388
Spirit Groups	-	-	-	-	51,729	51,729
Medical Expenses and Medical Insurance	19,620	11,112	11,275	16,092	286,108	344,207
Membership and Dues	6,780	510	627	11,189	797,975	817,081
Other Operating Expenses	477,559	30,956	46,173	283,986	3,699,183	4,537,857
Total Operating Expenses	<u>8,939,298</u>	<u>3,106,017</u>	<u>2,169,939</u>	<u>10,009,924</u>	<u>16,893,698</u>	<u>41,118,876</u>
Excess (Deficiency) of Revenues Over (Under) Expenses	<u>\$ (2,852,830)</u>	<u>\$ (1,533,437)</u>	<u>\$ (1,660,178)</u>	<u>\$ (9,522,598)</u>	<u>\$ 15,511,607</u>	<u>\$ (57,436)</u>

The accompanying Notes to the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs are an integral part of this Schedule.

OLD DOMINION UNIVERSITY
NOTES TO SCHEDULE OF REVENUES AND EXPENSES OF
INTERCOLLEGIATE ATHLETICS PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2014

1. BASIS OF PRESENTATION

The accompanying Schedule of Revenues and Expenses of Intercollegiate Athletics Programs has been prepared on the accrual basis of accounting. The purpose of the Schedule is to present a summary of revenues and expenses of the intercollegiate athletics programs of the University for the year ended June 30, 2014. The Schedule includes those intercollegiate athletics revenues and expenses made on behalf of the University's athletics programs by outside organizations not under the accounting control of the University. Because the Schedule presents only a selected portion of the activities of the University, it is not intended to and does not present either the financial position, changes in financial position, or cash flows for the year then ended. Revenues and expenses directly identifiable with each category of sport presented are reported accordingly. Revenues and expenses not directly identifiable to a specific sport are reported under the category "Non-Program Specific".

2. AFFILIATED ORGANIZATIONS

The University received \$3,816,716 from the Old Dominion Athletic Foundation and the Old Dominion University Educational and Real Estate Foundations. Approximately \$2,656,013 of these funds was for scholarships for student athletes. Additionally, the Athletic Foundation provided in-kind contributions valued at \$821,332 to the University for Intercollegiate Programs. The amount received is included in the accompanying schedule in Contributions revenue.

3. CAPITAL ASSETS

The University's capital assets include land, buildings and other improvements, and equipment. Capital assets are generally defined by the University as assets with an estimated useful life in excess of one year and an initial cost of \$5,000 or more. Other assets are recorded at actual cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation. Expenses for major capital assets and improvements (construction in progress) are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to an asset's value or materially extend its useful life are not capitalized.

Depreciation is computed using the straight-line method over the estimated useful life of the asset and is not allocated to the functional expense categories. Useful lives by asset categories are listed below:

Buildings	5-50 years
Other improvements and infrastructure	2-30 years
Equipment	2-25 years

A summary of the various capital asset categories relating to Athletics for the year ending June 30, 2014, is presented as follows:

	<u>Ending Balance</u>
Nondepreciable Capital Assets:	
Land	\$ 539,000
Construction in progress	<u>897,226</u>
Total Non-depreciable Capital Assets	<u>1,436,226</u>
Depreciable Capital Assets:	
Buildings	72,331,891
Equipment	4,220,311
Improvements other than building	<u>2,455,020</u>
Total Depreciable Capital Assets	<u>79,007,222</u>
Less Accumulated Depreciation For:	
Buildings	17,469,207
Equipment	2,479,211
Improvements other than building	<u>619,109</u>
Total Accumulated Depreciation	<u>20,567,527</u>
Depreciable Capital Assets, net	<u>58,439,695</u>
Total Capital Assets, net	<u>\$59,875,921</u>

4. LONG-TERM DEBT

Long-term debt relating to Athletics:

Description	Interest Rates	Maturity	As of June 30, 2014
Revenue Bonds:			
Recreation, Series 2004B	5.00%	2017	\$ 2,690,000
Recreation, Series 2004B	4.00% - 5.00%	2020	420,000
Recreation, Series 2007B	4.25%	2018	413,781
Recreation, Series 2007B	4.00% - 4.50%	2020	6,696,561
Recreation, Series 2010B	5.00%	2021	630,000
Recreation, Series 2010B	5.00%	2022	<u>7,300,000</u>
Total Convocation Center			18,150,342
Percent used by Athletics			<u>20%</u>
Portion of Convocation Center			<u>3,630,069</u>
Athletic Fac. Exp., Series 2004A	4.00% - 5.00%	2025	105,000
Indoor Tennis Court, Series 2004A	4.00% - 5.00%	2025	65,000
Athletic Fac. Exp., Series 2005 A	4.375% - 5.00%	2026	755,000
Indoor Tennis Court, Series 2005A	4.375% - 5.00%	2026	580,000
Athletic Fac. Exp., Series 2006A	3.00% - 5.00%	2027	740,000
Indoor Tennis Court, Series 2006A	3.00% - 5.00%	2027	175,000
Athletic Fac. Exp., Series 2007A	4.50% - 5.00%	2028	380,000
Indoor Tennis Court, Series 2007A	4.50% - 5.00%	2028	200,000
Powhatan Sports Ctr., Series 2007A	4.50% - 5.00%	2028	5,155,000
Powhatan Sports Ctr., Series 2009A	2.25% - 5.00%	2029	23,040,000
Powhatan Sports Ctr., Series 2010A	3.75% - 5.50%	2031	825,000
Athletic Fac. Exp., Series 2012A	3.00% - 5.00%	2025	1,330,000
Athletic Fac. Exp., Series 2012A	3.00% - 5.00%	2025	1,645,000
Indoor Tennis Court, Series 2012A	3.00% - 5.00%	2025	820,000
Indoor Tennis Court, Series 2012A	3.00% - 5.00%	2025	<u>1,280,000</u>
Total			<u>37,095,000</u>
Total Revenue Bonds			<u>\$40,725,069</u>
Installment Purchases			<u>\$ 23,534</u>
Capital Leases			<u>\$ 40,270</u>
Amortized Bond Premium			<u>\$ 2,514,100</u>

Long-term debt matures as follows:

	<u>Principal</u>	<u>Interest</u>
2015	\$ 2,358,339	\$ 1,860,545
2016	2,465,339	1,753,742
2017	2,575,104	1,639,603
2018	2,689,287	1,522,903
2019	2,737,057	1,399,840
2020-2024	14,474,943	4,946,144
2025-2029	13,300,000	1,553,875
2030-2034	<u>125,000</u>	<u>7,012</u>
Total	<u>\$40,725,069</u>	<u>\$14,683,664</u>

5. ALLOCATION OF ATHLETIC OVERHEAD COSTS

The University recovers a percentage of each auxiliary enterprise's expenses, including athletics, to cover overhead costs such as utilities and custodial services. In the fiscal year ended June 30, 2014, the overhead rate charged to athletics and other auxiliary enterprise was 11.41 percent. This amount is included in Other Operating Expenses.

OLD DOMINION UNIVERSITY

Norfolk, Virginia

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